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ARIZONA CORPORATION COMMISSION

2014 FEB 26 P 12:48

February 26, 2014

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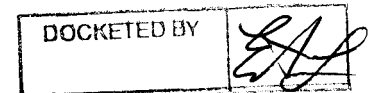
Arizona Corporation Commission

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FEB 26 2014

Ms. Lisa Malagon  
Supervisor, Rate and Regulatory  
Federal and State Compliance  
Arizona Public Service Company  
Post Office Box 53999 / MS 9704  
Phoenix, Arizona 85072-3999

ORIGINAL



**RE: Voluntary Solar Contributions Program – Arizona Public Service Company 2014  
RES Implementation Plan (Docket No. E-01345A-13-0140)**

Dear Ms. Malagon:

On February 7, 2014, Arizona Public Service Company (“APS”) filed its Voluntary Solar Contributions Program (“VSCP”) proposal in response to requirements from Commission Decision No. 74237.

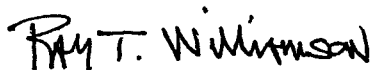
Although APS did address three of the nine subject areas mentioned in Finding of Fact No. 51 of Decision No. 74237, Staff does not believe APS’s proposal meets the Commission’s intent. Therefore, Staff has a number of questions that may help to clarify how the proposed VSCP will be structured, administered, and implemented to meet the intent of Commission Decision No. 74237. They are:

1. Will APS be establishing a “segregated” interest bearing account for the Voluntary Solar Contributions Program? If no, why not?
2. How will the billing format be modified to allow for voluntary contributions from customers?
3. What is the method by which persons and entities may make direct voluntary contributions without using the APS bill method? (Those persons and entities could be either APS customers or non-APS customers.)
4. Why are prepay customers excluded from making contributions?
5. The VSCP seems to exclude any person and/or entity that is not an APS customer. Is this correct? If yes, why should non-APS customers be excluded from making contributions?
6. What is the purpose of paragraph 3.2?

7. If there is no active Up-Front Incentive ("UFI") program and there are funds in the VSCP account, why would APS not request that a UFI program be approved by the Commission?
8. APS has proposed only annual reporting for the VSCP program, while Decision No. 74237 requests semi-annual reporting concerning the funds received, the interest reinvested, the expenditures, and balance in the VSCP account. Why has APS not proposed semi-annual reporting?
9. What level of funds in the VSCP account would APS consider to be sufficient to implement UFIs?
10. What would APS recommend as the appropriate levels of UFIs for each type of distributed generation ("DG") installation once sufficient funds are available in the VSCP account?
11. How and when would the UFIs from the VSCP program be made available?
12. How will APS promote/advertise the VSCP to its customers and to the general public (i.e., non-customers)?
13. How often would APS report to the Commission on its efforts to promote and advertise the VSCP program to ratepayers, stakeholders, the general public, and other entities?
14. How and when would APS provide reports on the effectiveness of the VSCP program in promoting DG programs?

Please provide your responses to the above questions by March 7, 2014. If you have any questions, please feel free to contact me at 602-542-0828.

Sincerely,



Ray T. Williamson  
Utilities Electrical Engineer  
Utilities Division

RTW:lhbm